whose face value of the shares is more than Rs. 10; and

(b) whether Government propose to advise them to reduce the face value of their shares to Rs. 10 ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) and (b) The information is being collected and will be laid on the Table of the House.

Government's Holding in Public Financial Institutions

4435. SHRI G. PRATHAPA REDDY :
DR. SHRIKANT RAMCHANDRA JICHKAR :

Will the Minister of FINANCE be pleased to state :

(a) what are the names of the companies listed on the stock exchanges in India where the Government's holding is more than 25 per cent share through its public sector financial institutions, as on 31st March 1994 ; and

(b) whether Government propose to exercise its voting rights in the above companies in electing the Boards of Directors ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) The Industrial Development Bank of India (IDBI) has reported that as on 31-3-1993 (latest available), there were 207 companies where financial and investment institutions viz ; IDBI, Industrial Finance Corporation of India Ltd. (IFCI), Industrial Credit and Investment Corporation of India Ltd. (ICICI), Industrial Reconstruction Bank of India (IRBI), Unit Trust of India (UTI), Life Insurance Corporation of India (LIC) and General Insurance Corporation and its subsidiaries together hold more than 25% shareholding. Names of these companies cannot be divulged in terms of the provisions of the Public Financial Institutions (Obligations as to Fidelity and Secrecy) Act, 1983 and other related statutes.

(b) The manner of appointment/ election of a Director of a company depends on the provisions contained in its Articles of Association and the Companies Act, 1956. Financial institutions also reserve a right to nominate directors on the Boards of assisted companies as per provisions of the Loan Agreement.

Brokers and Jobbers

4436. SHRI V. RAJESHWAR RAO :
DR. SHRIKANT RAMCHANDRA JICHKAR :

Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that companies with limited liabilities are allowed by Government to work as brokers and jobbers in stock exchanges in India ; and

(b) if so, who bears the liabilities for losses of such brokers and jobbers in case of Joint Stock Companies with fully paid-up shares?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Government have issued a Notification on 13th November, 1992 amending the Securities Contracts (Regulation) Rules, 1957 in order to provide that a company as defined in the Companies Act, 1956 shall also be eligible to be elected as a member of a stock exchange if it, *inter alia*, satisfies the following conditions :

(i) such company is formed in compliance with the provisions of section 12 of the said Act :

(ii) such company undertakes to comply with such financial requirements and norms as may be specified by the Securities and Exchange Board of India for the registration of such company under sub-section (1) of section 12 of the Securities and Exchange Board of India Act,1992;

(iii) majority of the directors of such company are shareholders of the company and not less than 40% of the paid up equity capital of the company is held by these directors themselves or by the body corporate appointing them as directors on the board of such company.

(b) The liabilities for losses as and when incurred by such companies will be borne by the companies and their shareholders including a majority of the

directors referred to at (iii) above, as per provisions of the Companies Act, 1956.

Foreign Exchange Money Market

4437. SHRI GOVINDRAO ADIK : Will the Minister of FINANCE be pleased to state :

(a) in what manner Government keep regulatory control over the Foreign Exchange Money Market in India ;

(b) what structural and functional changes have such foreign exchange money market undergone due to the policy of liberalisation ; and

(c) what is the estimated amount of dealing, in such money market, for the last three years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) The foreign exchange market in India is regulated by the Reserve Bank of India and the changes introduced recently have been included in Chapter 5 of the Exchange Control Manual, 1993 Edition.

(c) The foreign exchange interbank market turnover figures for 1990-91. 1991-92 and 1992-93 are 715116, 1062723 and 1208533 (Rs. crores), respectively.

Technical Problems Faced by Foreign Investor

4438. SHRI V. NARAYANASAMY : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that foreign insitutional investors regisering in India are reported to be facing severe technical problems in the form of custodian service and in the area of settlement ; and

(b) if so, what steps Government are taking for removing the technical problems faced by these foreign investors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) In the initial stages of investing in India, Foreign Institutional Investors (FIIs) faced difficulties in obtaining efficient custodial services, as considerable paper work was involved in share transfers and a very limited number of custodians were catering to the needs of custodial services of FIIs. The situation has however, considerably improved with Government and the Securities and Exchange Board of India having taken measures to reduce the extensive paper work through the introduction of Jumbo Transfer Deeds to handle bulk transfers of shares and the provision of a facility of consolidated payment of Stamp Duty by Banker's Cheques where bulk transactions occur. Additional custodial services are also being provided by new market entrants.

INVESTMENT IN FOREIGN CURRENCY FUNDS BY BANKS AND DEALERS

4439. SHRI BISHAMBHAR NATH PANDE : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the Reserve Bank of India is planning to allow banks and other dealers of foreign exchange to invest in foreign currency funds and borrow from overseas markets to enable them to offer forward covers to the consumers because of growing liberalisation in the banking sector; and

(b) if so, what benefits the banking sector is getting by investing in foreign currency funds ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) According to Reserve Bank of India, as of now, no decision has been taken in this regard.

(b) Does not arise.

Rural Credit

4440. SHRI SOM PAL :
SHRI SARADA MOHANTY :

Will the Minister of FINANCE be pleased to state :

(a) whether Government and the Reserve Bank of India are initiating some concrete measures to step up the flow of rural credit and making it simpler, easily available and adequate ;

(b) if so, what are the specific details and targets thereof ; and

(c) what action is proposed to be taken to see that these are implemented and achieved, as envisaged by Government?